

SENATE BILL 275
By Harper

AN ACT to enact the "Microenterprise Development Act".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "Microenterprise Development Act".

SECTION 2.

(a) The legislature finds that:

(1) There is a need to develop and expand businesses in economically distressed communities in both rural and urban areas, and there is a need to assist residents who are unemployed, underemployed or in low-income jobs.

(2) Microenterprises can provide a means for unemployed, underemployed or low-income individuals to find and sustain productive work, and provide opportunities for economically distressed communities to thrive, one microentrepreneur at a time.

(3) There is a lack of access to capital, training and technical assistance for low-income microentrepreneurs. Many low-income microentrepreneurs need technical assistance to start, operate or expand their businesses.

(4) Local microenterprise support organizations have demonstrated cost-effective delivery methods for providing technical assistance.

(5) Charitable foundation support, federal program funding, and private sector support can be leveraged by a statewide program for development of microenterprises.

(b) This act is enacted to strengthen the Tennessee economy and enable low-income residents to become self-sufficient by encouraging microenterprise development.

SECTION 3.

(a) As used in this act, unless the context otherwise requires:

(1) "Commissioner" means the commissioner of economic and community development.

(2) "Low-income person" means a person with income adjusted for family size that does not exceed:

(A) For metropolitan areas, eighty percent (80%) of median income; or

(B) For nonmetropolitan areas, the greater of eighty percent (80%) of the area median income or eighty percent (80%) of the statewide nonmetropolitan area median income.

(3) "Microenterprise" means a sole proprietorship, partnership, or corporation that has fewer than five (5) employees and generally lacks access to conventional loans, equity, or other banking services.

(4) "Microenterprise development organization or program" means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to low-income microenterprises.

(5) "Training and technical assistance" means services and support provided to low-income owners and operators of microenterprises, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services.

(b)

(1) The commissioner shall establish a microenterprise technical assistance and capacity-building grant program as funds are made available through the general appropriations act to provide assistance in the form of grants to qualified organizations.

(2) A qualified organization shall use grants made under this program to provide training and technical assistance to low-income entrepreneurs.

(3) To be eligible for a grant, a qualified organization shall be a nonprofit microenterprise development organization that has a demonstrated record of delivering services to low-income individuals.

(4) The commissioner shall ensure that not less than fifty percent (50%) of the funds made available are used to benefit persons whose income, adjusted for family size, is not more than one hundred fifty percent (150%) of the poverty level as defined in 42 U.S.C. § 9902(2).

(5) A qualified organization must provide at least one dollar (\$1.00) in matching funds for every dollar of state financial assistance. Grants and gifts from public or private sources may be used to comply with the matching funds requirement.

(6) The commissioner shall establish by regulation promulgated in accordance with the Uniform Administrative Procedures Act such requirements as may be necessary to carry out this section.

SECTION 4. This act shall take effect July 1, 2005, the public welfare requiring it.